


**Government of the District of Columbia  
Office of the Chief Financial Officer**



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi   
Chief Financial Officer

**DATE:** MAR 17 2006

**SUBJECT:** Fiscal Impact Statement: "Displaced Workers Protection Amendment Act of 2006"

**REFERENCE:** Bill Number 16-106 as Introduced

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**Conclusion**

Funds are sufficient in the FY 2006 through FY 2009 budget and financial plan to implement the provisions of the proposed legislation. No additional staff or resources will be required. All government contracts are limited by approvals and the appropriations that support them. District agencies that monitor contracts and perform dispute resolution may have initial operational pressures, but have sufficient staff and resources.

**Background**

The proposed legislation makes technical changes to the Displaced Workers Protection Act of 1994.<sup>1</sup> These changes clarify that a new goods and services contractor is clearly identified in the law as a succeeding or successor contractor for personnel matters and displacement support services. Prior contractors are described as previous incumbent contractors for the same reasons. These technical changes will trigger changes concerning personnel matters and make clear eligibility for

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1. Law 10-105, the "Displaced Workers Protection Act of 1994," was introduced in Council and assigned Bill No. 10-307, which was referred to the Committee on Labor. The Bill was adopted on first and second readings on January 4, 1994, and February 1, 1994, respectively. Signed by the Mayor on February 17, 1994, it was assigned Act No. 10-193 and transmitted to both Houses of Congress for its review. D.C. Law 10-105 became effective on April 26, 1994.



displaced support services. The initiative's purpose is to strengthen displaced support services employees' rights when successor contractors assume previous contractor's projects.

The proposed legislation adds security guards to the types of eligible employees. In addition, the proposed legislation stipulates that security guard, janitorial, or building maintenance services provided on the grounds of currently included establishments<sup>2</sup> will also be subject to the provisions of the law. Current law only applies to contractors employing 28 or more persons. The proposed legislation amends this law so that contractors employing 15 or more persons trigger the provisions of the law.

The proposed legislation specifies that after the 90-day transition employment period, the successor contractor shall offer continued employment to an employee under at least the same terms and conditions as established by the previous incumbent contractor (rather than under the same terms and conditions) or under other terms and conditions as required by law.

The proposed legislation makes technical changes in the definitions of the back pay and costs of benefits that a wrongly discharged employee may be awarded. In addition, the proposed legislation provides for the possibility of back pay and costs of benefit awards to an employee meeting the 8-month requirement, and has not been hired by the successor contractor at the commencement of the 90-day transition period.

### **Financial Plan Impact**

Funds are sufficient in the FY 2006 through FY 2009 budget and financial plan to implement the proposed legislation. No additional staff or resources will be required. The proposed legislation impacts contractors which, for purposes of the proposed legislation, are defined as an individual or company that employs 15 or more persons, and includes a subcontractor.

Contractors doing business in the District of Columbia would bear any costs resulting from the proposed legislation. In the majority of cases, when a new contractor is engaged to replace a previous contractor, the successor contractor is likely to retain the previous contractor's employees. A change of contractor typically brings about a change in management only. Thus, in the case of contractors providing most services to the District government<sup>3</sup> no additional costs are expected when there is a contractor change.

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2. Such as office buildings, institutions, or similar establishments.

3. For example: Janitorial and building maintenance service contracts.